

**CITY OF OGDEN**

**INDEPENDENT AUDITORS' REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**

**JUNE 30, 2012**

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**City of Ogden**

**Officials**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
<b>Keith Berg</b>	<b>Mayor</b>	<b>Dec 2013</b>
<b>David Ohlson</b>	<b>Council Member</b>	<b>Dec 2012</b>
<b>Lori Anderson</b>	<b>Council Member</b>	<b>Dec 2013</b>
<b>Margaret Liston</b>	<b>Council Member</b>	<b>Dec 2013</b>
<b>Sean Thompson</b>	<b>Council Member</b>	<b>Dec 2013</b>
<b>Deb Vigdal</b>	<b>Administrator/Clerk</b>	<b>Indefinite</b>
<b>Lee Johnson</b>	<b>Attorney</b>	<b>Indefinite</b>

**City of Ogden**

# CLINE, DEVRIES & ALLEN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### Independent Auditors' Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the City's primary government financial statements listed in the table of contents. These primary government financial statements are the responsibility of the City of Ogden's management. Our responsibility is to express opinions on these primary government financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these primary government financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The financial statements referred to above include only the primary government of the City of Ogden, which consists of all funds, organizations, institutions, agencies, departments and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component unit, which U.S. generally accepted accounting principles require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the cash basis financial position of the reporting entity of the City of Ogden as of June 30, 2012, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1. In accordance with accounting principles generally accepted in the United State of America, Ogden Municipal Utilities has issued separate financial statements for which other auditors have issued their report.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden as of June 30, 2012, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2012 on our consideration of the City of Ogden's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The City has not presented Management's Discussion and Analysis which introduces the primary government financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the primary government financial statements.

Budgetary comparison information on pages 23 through 25 is not a required part of the primary government financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the primary government financial statements that collectively comprise the City of Ogden's primary government financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the primary government financial statements for the eight years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

Cline DeVries & Allen, LLP  
October 22, 2012  
Ames, Iowa

**City of Ogden**

## **Basic Financial Statements**



# City of Ogden

## Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2012

		Program Receipts		
			Operating Grants, Contributions, and Restrictd Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements	Charges for Service		
<b>Functions/Programs:</b>				
<b>Governmental activities:</b>				
Public safety	\$ 291,778	6,249	57,602	41,585
Public works	252,628	29,045	205,424	-
Health and social services	8,250	-	-	-
Culture and recreation	159,162	17,386	26,392	6,500
Community and economic development	27,072	-	24,191	23,738
General government	226,051	-	-	-
Debt service	148,518	-	-	-
Capital projects	346,772	-	-	213,530
Total governmental activities	1,460,231	52,680	313,609	285,353
<b>Business type activities:</b>				
Sewer	277,472	321,755	-	-
Storm water	9,037	35,644	-	-
Total business type activities	286,509	357,399	-	-
<b>Total</b>	<b>\$ 1,746,740</b>	<b>410,079</b>	<b>313,609</b>	<b>285,353</b>
<b>General Receipts and Transfers:</b>				
Property tax levied for:				
General purposes				
Employee benefits				
Debt service				
Special assessments				
Utility franchise tax				
Local option sales tax				
Mobile home tax				
Unrestricted interest on investments				
Dividend				
Miscellaneous				
Rent				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<b>Cash Basis Net Assets</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Cemetery mausoleum				
Expendable:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(186,342)	-	(186,342)
(18,159)	-	(18,159)
(8,250)	-	(8,250)
(108,884)	-	(108,884)
20,857	-	20,857
(226,051)	-	(226,051)
(148,518)	-	(148,518)
(133,242)	-	(133,242)
(808,589)	-	(808,589)
-	44,283	44,283
-	26,607	26,607
-	70,890	70,890
(808,589)	70,890	(737,699)
425,021	-	425,021
158,533	-	158,533
125,988	-	125,988
575	-	575
8,549	-	8,549
145,900	-	145,900
519	-	519
4,848	5,555	10,403
171,600	-	171,600
10,293	-	10,293
11,399	-	11,399
4,500	-	4,500
10,494	(10,494)	-
1,078,219	(4,939)	1,073,280
269,630	65,951	335,581
1,203,581	528,575	1,732,156
\$ 1,473,211	594,526	2,067,737
\$ 49,226	-	49,226
17,462	-	17,462
75,141	-	75,141
4,792	489,652	494,444
674,797	-	674,797
651,793	104,874	756,667
\$ 1,473,211	594,526	2,067,737

## City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Governmental Funds

As of and for the year ended June 30, 2012

	General	Local Option Tax	Special Revenue Road Use Tax	Debt Service	Capital Projects	Nonmajor	Total
<b>Receipts:</b>							
Property tax	\$ 425,021	-	-	125,988	-	158,533	709,542
Other city tax	9,068	145,900	-	-	-	-	154,968
Licenses and permits	2,535	-	-	-	-	-	2,535
Use of money and property	187,838	-	-	-	9	-	187,847
Intergovernmental	87,030	-	193,876	-	220,030	-	500,936
Charges for service	14,437	-	-	-	-	-	14,437
Special assessments	575	-	-	-	-	-	575
Miscellaneous	74,965	-	3,093	-	65,323	650	144,031
Total receipts	801,469	145,900	196,969	125,988	285,362	159,183	1,714,871
<b>Disbursements:</b>							
Operating:							
Public safety	291,778	-	-	-	-	-	291,778
Public works	50,278	-	202,350	-	-	-	252,628
Health and social services	-	8,250	-	-	-	-	8,250
Culture and recreation	159,162	-	-	-	-	-	159,162
Community and economic development	27,072	-	-	-	-	-	27,072
General government	226,051	-	-	-	-	-	226,051
Debt service	-	-	-	148,518	-	-	148,518
Capital projects	-	-	-	-	346,772	-	346,772
Total disbursements	754,341	8,250	202,350	148,518	346,772	-	1,460,231
Excess (deficiency) of receipts over (under) disbursements	47,128	137,650	(5,381)	(22,530)	(61,410)	159,183	254,640
<b>Other financing sources (uses):</b>							
Sale of bonds	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	4,500	-	4,500
Operating transfers in	173,348	-	-	21,823	190,455	-	385,626
Operating transfers out	-	(83,323)	(23,248)	-	(108,955)	(159,606)	(375,132)
Total other financing sources (uses)	173,348	(83,323)	(23,248)	21,823	86,000	(159,606)	14,994
Net change in cash balances	220,476	54,327	(28,629)	(707)	24,590	(423)	269,634
Cash balances beginning of year	376,272	166,242	103,770	5,499	429,638	122,156	1,203,577
Cash balances end of year	\$ 596,748	220,569	75,141	4,792	454,228	121,733	1,473,211
<b>Cash Basis Fund Balances</b>							
Nonexpendable							
Cemetery perpetual care	\$ -	-	-	-	-	49,226	49,226
Cemetery mausoleum	-	-	-	-	-	17,462	17,462
Restricted for:							
Streets	-	-	75,141	-	-	-	75,141
Debt service	-	-	-	4,792	-	-	4,792
Other purposes	-	220,569	-	-	454,228	55,045	729,842
Unassigned	596,748	-	-	-	-	-	596,748
Total cash basis fund balances	\$ 596,748	220,569	75,141	4,792	454,228	121,733	1,473,211

See notes to financial statements.

## City of Ogden

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2012

	Enterprise		
	Sewer	Non major	Total
Operating receipts:			
Charges for service	\$ 319,153	\$ 35,644	\$ 354,797
Miscellaneous	2,602	-	2,602
Total operating receipts	321,755	35,644	357,399
Operating disbursements:			
Business type activities	157,882	9,037	166,919
Excess (deficiency) of operating receipts over (under) operating disbursements	163,873	26,607	190,480
Non-operating receipts (disbursements):			
Intergovernmental	-	-	-
Interest on investments	5,555	-	5,555
SRF loan proceeds	-	-	-
Debt service	(119,590)	-	(119,590)
Operating transfers in	-	-	-
Operating transfers out	(9,494)	(1,000)	(10,494)
Total non-operating receipts (disbursements)	(123,529)	(1,000)	(124,529)
Excess (deficiency) of receipts over (under) disbursements	40,344	25,607	65,951
Cash balances beginning of year	484,475	44,100	528,575
Cash balances end of year	\$ 524,819	\$ 69,707	\$ 594,526
Cash Basis Fund Balances			
Unrestricted	\$ 35,167	\$ 69,707	\$ 104,874
Restricted for:			
Debt Service	489,652	-	489,652
Total cash basis fund balances	\$ 524,819	\$ 69,707	\$ 594,526

See notes to financial statements.

**City of Ogden**

City of Ogden

Notes to Financial Statements

June 30, 2012

(1) Summary of Significant Accounting Policies

The City of Ogden is a political subdivision of the State of Iowa located in Boone County. It was first incorporated in 1875 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Ogden has included all funds, organizations, agencies, boards, commissions and authorities, except for its component unit, the Ogden Municipal Utilities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's primary government financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These primary government financial statements present the City of Ogden (the primary government) and exclude the component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. It has not been included in these primary government financial statements which present the primary government only. Complete financial statements of the individual component unit, which issued separate financial statements as noted below, can be obtained from its administrative office.

Component Unit

The Ogden Municipal Utilities (Utilities) was established to operate the City's electric and water facilities. The Utilities are governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Utilities is held in the name of the City. A financial benefit/burden relationship exists between the City and the Utilities in that the City is authorized by statute to issue general obligation debt for a city utility, and may certify taxes for the payment of the debt.

### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards: Ogden Legacy, Community Services, Boone County Conference, Lowrey Foundation, Boone County Endowment, Boone County Emergency Management, Genesis Development, and the Bright Meadows.

The City Council members also sit on the Rural Fire Services Board. The City has an ongoing financial interest in this Board. (See Note (9))

### **B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in the following categories/components:

Nonexpendable restricted net assets are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

**Special Revenue:**

The Local Option Tax Fund is used to account for monies collected thru local option sales tax receipts.

The Road Use Tax Fund is used to account for the road use allocation from the State of Iowa to be used for road construction and maintenance.

**Capital Projects:**

The Capital Project Funds are used to account for the City's improvement projects.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long term debt.

The City reports the following major proprietary fund:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system. Also accounted for in this fund are payments of principal and interest on the City's long-term sewer debt.

**C. Measurement Focus and Basis of Accounting**

The City of Ogden maintains its financial records on the basis of cash receipts and disbursements and the primary government financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the primary government financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from



providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**D. Governmental Cash Basis Fund Balances:**

In the Governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in other spendable classifications.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the debt service function.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City owns 560 shares of \$25 par value common stock of the Ogden Telephone Company, of which 140 shares (\$100 par value) were acquired by donation and another 420 shares were acquired by stock splits. In 1972, when the stock was donated, there was no market value, therefore it is not included in the cash and investments balance.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation, therefore the City is not in violation of Chapter 12 of the Code of Iowa. At this time, the City has decided not to dispose of the stock due to market conditions.

**Interest rate risk** - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

**Credit risk** - The City's investment in the Ogden Telephone Company stock is unrated.

**(3) Loans Payable/Revenue Bonds**

Annual debt service requirements to maturity for the City's loans payable and revenue bonds are as follows:

Year Ending June 30,	Storm Sewer Loan		Sewer Revenue Bonds		General Obligation Series 2010		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 20,292	499	82,000	38,220	100,000	33,500	202,292	72,219
2014	-	-	84,000	35,760	100,000	31,840	184,000	67,600
2015	-	-	87,000	33,240	100,000	29,960	187,000	63,200
2016	-	-	89,000	30,630	100,000	27,620	189,000	58,250
2017	-	-	92,000	27,960	100,000	24,890	192,000	52,850
2018-2022			501,000	96,780	500,000	75,280	1,001,000	172,060
2023-2025	-	-	339,000	20,520	100,000	4,000	439,000	24,520
Total	\$ 20,292	499	1,274,000	283,110	1,100,000	227,090	2,394,292	510,699

**Revenue Bonds**

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$2,000,000 of sewer revenue notes issued in June 2004. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant. The notes are payable solely from sewer customer net receipts and are payable through 2025. The total principal and interest remaining to be paid on the notes is \$1,557,110. For the current year, principal and interest paid was \$119,590. Annual principal and interest payments are expected to require less than 75% of net receipts.

The resolution providing for the issuance of the revenue bonds include the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account within the Enterprise funds for the purpose of making the bond principal and interest payments when due.
- (c) Once the required transfers to the Sinking fund have been made, all of the remaining net revenues shall be put into a Surplus fund.

The City is in compliance with these provisions at June 30, 2012.

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 5.38% of their annual covered salary and the City is required to contribute 8.07% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$31,542, \$27,939 and \$26,756, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, compensatory and holiday hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2012, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation and compensatory time	\$23,362

This liability has been computed based on rates of pay in effect at June 30, 2012.

Sick leave is payable when used. It is not paid upon termination, retirement or death.

**(6) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural

disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(7) Health Insurance

The City contributes money to a Health Savings Account (HSA) for each employee to pay a portion of each employee's deductible. Employees on the single plan have a \$1,500 deductible and the City contributes \$1,500 to the employee's HSA. Employees on the family plan have a deductible of \$4,000 and the City contributes \$2,500 to the employee's HSA.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefits	\$ 159,606
	Road Use Tax	3,248
		<u>\$ 162,854</u>
Debt Service	Local option sales tax	<u>\$ 21,823</u>
Capital Projects:	Special Revenue:	
Truck	Road Use Tax	\$ 20,000
EMS Equipment	Local Option sales tax	14,000
Fire Equipment	Local Option sales tax	15,000
Street Equipment	Local Option sales tax	15,000
Warning Siren	Local Option sales tax	5,000
Police Car	Local Option sales tax	12,500
Historic Preservation	General	
Redevelopment	Capital Projects:	
	CDBG 09 Drainage	59,174
Sewer CIPP	CDBG 09 Drainage	49,781
		<u>\$ 190,455</u>
General	Business Type:	
	Sewer	\$ 9,494
General	Storm Water	1,000
		<u>\$ 10,494</u>
Total		<u>\$ 385,626</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**(9) Rural Fire Services Board**

The City, in conjunction with six townships has created the Rural Fire Services Board. The Board was established for the primary purpose of providing fire protection. The Board is composed of the Township Trustees, the City Council members and the Fire Chief.

Township Trustees levy taxes to pay for their portion of the fire based on population, annual average number of calls, and assessed value of real estate in the area served. The Townships reimburse the City for their portion of the expenses, including half of the payments for the fire truck; therefore, the City has an ongoing financial interest.

**(10) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$985 during the fiscal year ended June 30, 2012.

**(11) Subsequent Events**

The date through which events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure is October 22, 2012, which is the date of this report.

**(12) Litigation**

The City, along with three of its police officers, were named in a lawsuit that alleges civil rights violations associated with a criminal investigation. The attorney's opinion is that any liability of the City would be covered by their insurance company resulting in no loss to the City.

**(13) Construction Contracts**

The City had one project in process at June 30, 2012 with a remaining commitment of \$97,549.

### **Other Information**

**City of Ogden**  
**Budgetary Comparison Schedule**  
**of Receipts, Disbursements, and Changes in Balances -**  
**Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds**

**Required Supplementary Information**

**Year ended June 30, 2012**

	Governmental Funds Actual	Proprietary Funds Actual	Total
<b>Receipts:</b>			
Property tax	\$ 709,542	-	709,542
Other city tax	154,968	-	154,968
Licenses and permits	2,535	-	2,535
Use of money and property	187,847	5,555	193,402
Intergovernmental	500,936	-	500,936
Charges for service	14,437	354,797	369,234
Special assessments	575	-	575
Miscellaneous	144,031	2,602	146,633
Total receipts	<u>1,714,871</u>	<u>362,954</u>	<u>2,077,825</u>
<b>Disbursements:</b>			
Public safety	291,778	-	291,778
Public works	252,628	-	252,628
Health and social services	8,250	-	8,250
Culture and recreation	159,162	-	159,162
Community and economic development	27,072	-	27,072
General government	226,051	-	226,051
Debt service	148,518	-	148,518
Capital projects	346,772	-	346,772
Business type activities	-	286,509	286,509
Total disbursements	<u>1,460,231</u>	<u>286,509</u>	<u>1,746,740</u>
<b>Excess (deficiency) of receipts over (under) disbursements</b>	<b>254,640</b>	<b>76,445</b>	<b>331,085</b>
<b>Other financing sources, net</b>	<b>14,994</b>	<b>(10,494)</b>	<b>4,500</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements</b>	<b>269,634</b>	<b>65,951</b>	<b>335,585</b>
<b>Balances beginning of year</b>	<b>1,203,577</b>	<b>528,575</b>	<b>1,732,152</b>
<b>Balances end of year</b>	<b>\$ 1,473,211</b>	<b>594,526</b>	<b>2,067,737</b>

See accompanying independent auditors' report.

Budgeted Amounts		Final to
Original	Final	Total Variance
710,277	710,277	(735)
149,511	149,511	5,457
1,650	1,650	885
76,620	76,620	116,782
227,941	426,448	74,488
381,240	381,240	(12,006)
-	-	575
89,650	140,473	6,160
1,636,889	1,886,219	191,606
323,217	323,217	31,439
293,301	293,301	40,673
8,250	8,250	-
188,775	188,775	29,613
21,000	73,453	46,381
221,198	237,073	11,022
147,401	147,401	(1,117)
19,000	352,974	6,202
347,077	347,077	60,568
1,569,219	1,971,521	224,781
67,670	(85,302)	416,387
-	72,476	(67,976)
67,670	(12,826)	348,411
2,386,490	2,386,490	(654,338)
2,454,160	2,373,664	(305,927)



**City of Ogden**

**Notes to Required Supplementary Information – Budgetary Reporting**

**June 30, 2012**

The budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Permanent Funds and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted receipts by \$249,330 and budgeted disbursements by \$402,302. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2012, disbursements exceeded the amounts budgeted in the debt service function.

## Supplementary Information

## City of Ogden

**Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds**

**As of and for the year ended June 30, 2012**

	Special Revenue	Permanent		
	Employee Benefits	Cemetery Perpetual Care	Cemetery Mausoleum	Total
<b>Receipts:</b>				
Property tax	\$ 158,533	-	-	158,533
Use of money and property	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	-	650	-	650
Total receipts	158,533	650	-	159,183
<b>Disbursements:</b>				
Public works	-	-	-	-
Debt Service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	158,533	650	-	159,183
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(159,606)	-	-	(159,606)
Total other financing sources (uses)	(159,606)	-	-	(159,606)
Net change in cash balances	(1,073)	650	-	(423)
Cash balances beginning of year	56,118	48,576	17,462	122,156
Cash balances end of year	55,045	49,226	17,462	121,733
<b>Cash Basis Fund Balances</b>				
Nonexpendable				
Cemetery perpetual care	-	49,226	-	49,226
Cemetery mausoleum	-	-	17,462	17,462
Restricted for:				
Streets	-	-	-	-
Debt service	-	-	-	-
Other purposes	55,045	-	-	55,045
Unassigned	-	-	-	-
Total cash basis fund balances	55,045	49,226	17,462	121,733

See accompanying independent auditors' report.

## City of Ogden

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2012

	Enterprise Storm Water
Operating receipts:	
Charges for service	\$ 35,644
Operating disbursements:	
Business type activities	9,037
Excess (deficiency) of operating receipts over (under) operating disbursements	26,607
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	(1,000)
Total other financing sources (uses)	(1,000)
Net change in cash balance	25,607
Cash balances beginning of year	44,100
Cash balances end of year	\$ 69,707
Cash Basis Fund Balances	
Unrestricted	\$ 69,707

See accompanying independent auditors' report.

**City of Ogden**  
**Schedule of Indebtedness**  
**Year ended June 30, 2012**

<b>Obligation</b>	<b>Date of Issue</b>	<b>Interest Rates</b>	<b>Amount Originally Issued</b>
<b>General Obligation:</b>			
Storm sewer	December 2002	4.90%	\$ 203,250
Series 2010	September 2010	1.30-4.00	1,315,000
<b>Revenue Bonds:</b>			
Sewer	June 2004	3.00%	\$ 2,000,000

See accompanying independent auditors' report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 40,617	-	20,325	20,292	1,493	-
1,200,000	-	100,000	1,100,000	26,200	-
<u>\$ 1,240,617</u>	<u>-</u>	<u>120,325</u>	<u>1,120,292</u>	<u>27,693</u>	<u>-</u>
<u>\$ 1,353,000</u>	<u>-</u>	<u>79,000</u>	<u>1,274,000</u>	<u>40,590</u>	<u>-</u>

City of Ogden  
Bond and Note Maturities  
Year ended June 30, 2012

Year Ending June 30,	General Obligation Loans Payable				Total
	Storm Sewer		Series 2010		
	Issued Dec 10, 2002		Issued Sep 21, 2010		
	Interest		Interest		
	Rate	Amount	Rate	Amount	
2013	4.90%	20,292	1.66%	100,000	120,292
2014			1.88%	100,000	100,000
2015			2.34%	100,000	100,000
2016			2.73%	100,000	100,000
2017			3.02%	100,000	100,000
2018-2022			3.21-3.88%	500,000	500,000
2023			4.00%	100,000	100,000
Total		<u>\$ 20,292</u>		<u>\$ 1,100,000</u>	<u>\$ 1,120,292</u>

Year Ending June 30,	Sewer	
	Revenue Bonds	
	Issued Jun 1, 2004	
	Interest	
	Rates	Amount
2013	3.00%	82,000
2014	3.00%	84,000
2015	3.00%	87,000
2016	3.00%	89,000
2017	3.00%	92,000
2018-2022	3.00%	501,000
2023-2025	3.00%	339,000
Total		<u>\$ 1,274,000</u>

See accompanying independent auditors' report.

## City of Ogden

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

## For the Last Nine Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Receipts:</b>									
Property tax	\$ 709,542	\$ 695,970	\$ 584,866	\$ 522,705	\$ 542,778	\$ 513,041	\$ 440,930	\$ 422,512	\$ 438,019
Other city tax	154,968	145,657	141,946	150,412	147,074	144,706	133,148	129,426	133,289
Licenses and permits	2,535	2,078	1,768	1,530	5,835	1,973	2,333	2,182	2,422
Use of money and property	187,847	102,266	67,514	70,972	66,632	71,988	65,548	60,759	49,594
Intergovernmental	500,936	795,988	379,435	223,110	281,280	344,258	278,747	253,185	356,246
Charges for service	14,437	16,919	29,853	23,370	25,934	24,312	19,449	2,893	707
Special assessments	575	1,167	5,898	-	-	-	-	-	-
Miscellaneous	144,031	96,650	124,689	200,018	104,908	116,923	119,445	83,126	83,796
<b>Total</b>	<b>\$ 1,714,871</b>	<b>\$ 1,856,695</b>	<b>\$ 1,335,969</b>	<b>\$ 1,192,117</b>	<b>\$ 1,174,441</b>	<b>\$ 1,217,201</b>	<b>\$ 1,059,600</b>	<b>\$ 954,083</b>	<b>\$ 1,064,073</b>
<b>Disbursements:</b>									
Operating:									
Public safety	\$ 291,778	\$ 285,367	\$ 313,392	\$ 315,532	\$ 295,791	\$ 266,310	\$ 251,493	\$ 234,982	\$ 218,541
Public works	252,628	254,100	192,507	282,287	286,326	264,942	298,880	271,223	244,698
Health and social services	8,250	5,400	5,400	14,350	15,850	16,450	16,050	16,600	16,922
Culture and recreation	159,162	168,044	222,888	222,061	248,162	225,460	214,797	165,513	139,866
Community and economic developme	27,072	39,936	5,516	27,883	68,173	142,569	85,099	17,829	42,653
General government	226,051	187,816	143,911	149,455	167,770	144,145	137,328	137,668	124,161
Debt service	148,518	170,216	37,921	39,992	70,355	74,012	77,432	80,382	84,015
Capital projects	346,772	1,567,280	255,247	40,715	14,295	147,238	75,872	158,942	182,988
<b>Total</b>	<b>\$ 1,460,231</b>	<b>\$ 2,678,159</b>	<b>\$ 1,176,782</b>	<b>\$ 1,092,275</b>	<b>\$ 1,166,722</b>	<b>\$ 1,281,126</b>	<b>\$ 1,156,951</b>	<b>\$ 1,083,139</b>	<b>\$ 1,053,844</b>

See accompanying independent auditors' report.



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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards**

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying primary government financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Ogden, Iowa, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 22, 2012. Our report expressed unqualified opinions on the primary government financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

The management of the City of Ogden is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Ogden's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Ogden's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ogden's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Ogden's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as item II-A-12 to be a material weakness.

A significant deficiency is a deficiency, or a combination of significant deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ogden's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance and other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Ogden's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ogden and other parties to whom the City of Ogden may report including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ogden during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Cline DeVries & Allen, LLP  
October 22, 2012  
Ames, Iowa

City of Ogden

Schedule of Findings

Year ended June 30, 2012

**Part I: Summary of the Independent Auditors' Results:**

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. However, a material weakness in internal control over financial reporting was disclosed.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

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City of Ogden  
Schedule of Findings

Year ended June 30, 2012

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

**II-A-12 Segregation of Duties** - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The following functions are all performed by the same person:

- (1) Payroll - preparing and distributing checks.
- (2) Disbursements - preparing, distributing and posting.
- (3) Receipts - collecting, depositing, journalizing and posting.
- (4) Financial records - preparing Council minutes and financial reporting.

**Recommendation** - We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances and the above functions should be segregated.

**Response and Corrective Action Planned** - We will review our procedures.

**Conclusion** - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Ogden

Schedule of Findings

Year ended June 30, 2012

**Part III : Other Findings Related to Required Statutory Reporting:**

- III-A-12 **Certified Budget** - Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

**Recommendation** - Although the budget was amended, it should have been amended in a sufficient amount to prevent disbursements from exceeding budgeted amounts.

**Response** - We will do so.

**Conclusion** - Response accepted.

- III-B-12 **Questionable Disbursements** - We noted two disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. The disbursements were for flowers from Everlastings for funerals totaling \$63.

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper purpose and an improper purpose is very thin.

**Recommendation** - The Council should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

**Response** - We will comply with this recommendation.

**Conclusion** - Response accepted.

- III-C-12 **Travel Expense** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

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City of Ogden

Schedule of Findings

Year ended June 30, 2012

- III-D-12 Business Transactions - Business transactions between the City and City officials or employees were as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Nate Spencer, police officer	Mowing	\$985

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the transactions with the above individual do not appear to represent a conflict of interest since total transactions were less than \$2,500 during the fiscal year.

- III-E-12 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

- III-F-12 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

- III-G-12 Deposits and Investments - The City's investment policy is in compliance with the provisions of Chapter 12B and 12C of the Code of Iowa.

- III-H-12 Telephone Company Stock - The City owns 560 shares of \$100 par value common stock of the Ogden Telephone Company, of which 140 shares were acquired by donation and another 420 shares were acquired by stock splits.

Although this type of investment is not permitted by the Code of Iowa, it was acquired by donation; therefore the City is not in violation of Chapter 12 of the Code of Iowa. The stock is not readily marketable, and thus no market value of the shares is determinable.

- III-I-12 Clothing Purchases - The City disbursed money to a clothing store for jeans, shoe laces, long underwear, sweatshirts, etc. Since some of this clothing is not "uniform" or "protective" clothing and is adaptable to regular wear outside of working hours, the cost should be added to the employee's taxable income and subject to all tax withholdings.

Recommendation - The City should comply with taxation requirements imposed by the Internal Revenue Service.

Response - We will do so.

Conclusion - Response accepted.

City of Ogden

Schedule of Findings

Year ended June 30, 2012

III-J-12 Construction Contracts - The City did not hold a public hearing for the street resurfacing project or prepare specs and plans as required by Chapter 26 of the Code of Iowa.

Recommendation - The City should comply with Chapter 26 of the Code of Iowa.

Response - We will do so.

Conclusion - Response accepted.